

**EXHIBIT NO. \_\_\_(SEF-10C)**  
**DOCKET NO. UG-15\_\_\_**  
**WITNESS: SUSAN E. FREE**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of**

**PUGET SOUND ENERGY, INC.**

**for (i) Approval of a Special Contract for  
Liquefied Natural Gas Fuel Service with  
Totem Ocean Trailer Express, Inc. and  
(ii) a Declaratory Order Approving the  
Methodology for Allocating Costs  
Between Regulated and Non-regulated  
Liquefied Natural Gas Services**

**DOCKET NO. UG-15\_\_\_**

**NINTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF SUSAN E. FREE  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**REDACTED  
VERSION**

**AUGUST 11, 2015**

**Results of Cost Flow Allocation Methodology**  
**Assuming Non-Regulated Operations are 19% Subscribed in First Year of Operations**

-----From work papers supporting Prefiled Direct Testimony of Roger Garratt, Exhibit No. (RG-ICT), and-----  
 -----Prefiled Direct Testimony of Clay Riding, Exhibit No. (CR-IHCT), and-----

cription	A	B	ATL_FERC	BTL_FERC	Allocation Method	Total	F	Regulated (ATL) Amount	H	Non-Regulated (BTL) Amount
1	Income Statement:									
2	Revenue:									
3	Customer Sales	480,481			Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
4	Distribution Revenue (see line 23)	489			Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
5	Special Contracts	489			Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
6	Non-Utility Revenue		417		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
7										
8	Total Revenue					XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
9										
10	Expense:									
11	Power Costs:									
12	Fixed	Prod	417.1		Annual Capacity	XXXXXXXXXX	86%	XXXXXXXXXX	14%	XXXXXXXXXX
13	Variable	Prod	417.1		LNG Volumes	XXXXXXXXXX	86%	XXXXXXXXXX	14%	XXXXXXXXXX
14	Gas Costs	Prod	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
15	O&M:									
16	Plant Consumables	845.5	417.1		LNG Volumes	XXXXXXXXXX	86%	XXXXXXXXXX	14%	XXXXXXXXXX
17	Wharfage	845.5	417.1		Wharfage	XXXXXXXXXX	84%	XXXXXXXXXX	16%	XXXXXXXXXX
18	Maintenance	847.1-847.8	417.1		Capital <sup>(1)</sup>	XXXXXXXXXX	62%	XXXXXXXXXX	38%	XXXXXXXXXX
19	Staff, Insurance & Lease Cost	Multiple	417.1		Capital <sup>(1)</sup>	XXXXXXXXXX	74%	XXXXXXXXXX	26%	XXXXXXXXXX
20	Tfr-Bunkering Credit (incl. in line 5)	Multiple	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
21	Transfer Corporate Overheads	Multiple	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
22	Bunkering Station	845.5	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
23	Distribution Expense (see line 4)	403	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
24	Depreciation	Multiple	417.1		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
25	Revenue Sensitive Fees & Taxes	Multiple	Multiple		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
26	Property Tax Expense	408.1	408.2		Capital	XXXXXXXXXX	74%	XXXXXXXXXX	26%	XXXXXXXXXX
27	Federal Income Tax Expense	409.1	409.2		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
28	Regulated Interest Expense	431	431		Direct	XXXXXXXXXX	--	XXXXXXXXXX	--	XXXXXXXXXX
29										
30	Total Expense					XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
31										
32	Net Operating Income / Net Income					XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX

**REDACTED  
VERSION**

(1) Maintenance and Labor will be direct charged and what cannot be will be allocated based on the capital allocator. The use of two methods will result in a blended allocation factor.

**Results of Cost Flow Allocation Methodology**

**Assuming Non-Regulated Operations are 19% Subscribed in First Year of Operations**

-----From work papers supporting Prefiled Direct Testimony of Roger Garratt, Exhibit No. \_\_\_\_ (RG- ICT), and-----  
-----Prefiled Direct Testimony of Clay Riding, Exhibit No. \_\_\_\_ (CR- IHCT), and-----

cription	A	ATL FERC B	BTL FERC C	Allocation Method D	Total E	Regulated (ATL) Factor F	Regulated (ATL) Amount G	Non-Regulated (BTL) Factor H	Non-Regulated (BTL) Amount I
36 Rate Base:									
37 Gross Plant in Service		101		Multiple	310,704,805	74%	229,308,161	26%	81,396,644
38 AFUDC		101		Follows Plant	53,933,985		42,244,634		11,689,351
39 Total Gross Plant in Service					364,638,790		271,552,795		93,085,995
40 Accumulated Depreciation		108		Direct	(8,111,339)		(6,035,176)		(2,076,162)
41 Deferred Federal Income Taxes		282		Direct	(426,676)		(263,775)		(162,900)
42 Working Capital		Various		Working Cap	4,324,947		4,108,159		216,788
43									
44 Total Rate Base					360,425,722		269,362,002		91,063,720